

The Sheboygan Press

Editorial: Congress fails to make sense on student loans

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Sometimes — OK, many times — it's hard to figure out what Congress is trying to do.

Our latest puzzlement is over proposal by Wisconsin Rep. Tom Petri that would allow low-income college students to get more money to pay for their education and save the federal government billions of dollars.

Sounds like a no-brainer.

But when the House recently took up the College Access and Opportunity Act and complete reauthorization of the Higher Education Act, leaders didn't even allow Petri to make his amendment, much less let the full House membership to vote up or down.

Petri's blocked amendment is based on his Student Aid Reward Act that was introduced more than a year ago. He got support from Democrat George Miller of California, but not from the House Rules Committee which didn't allow the amendment to be considered.

All Petri wanted to do was give colleges and universities the incentive to use the most cost-effective loan program, which he maintains is the Direct Loan program, rather than the Federal Family Education Loan program.

Petri, a Republican from Fond du Lac, said that the loans provided by both programs are identical to students, but that the bank subsidies in the guaranteed student loan program amount to several billion dollars.

Not so in the Direct Loan program, however, because the middleman is cut out and the loans go right to the student or family.

Using Direct Loan rather than Federal Family Education Loan, the subsidies to lenders are eliminated. Petri — and the Congressional Budget Office — maintain there could be savings up to \$6 for every \$100 loaned. Taxpayers and students would benefit from the savings.

The latest estimate is a total savings of more than \$13 billion. Petri's proposal would take \$3.35 billion in savings and use it to reduce the federal deficit. The remaining \$10 billion would go to low- and middle-income students because schools could provide more in Pell Grant scholarships and graduate fellowship money.

There are literally millions of college students out there who would find it just a bit easier on their pocketbook.

Petri's plan makes so much sense, but again, it seems that Congress is more interested in making sure the middleman gets his share than it is in seeing more bright, but poor, young people getting a college education.

We hope Petri remains persistent in bringing back his plan to save money for the federal government and help young people at the same time.